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Supreme Court of the United States

OCTOBER TERM, 1958

No. 422

PERFECT BRASSIERE CO., INC.,

Petitioner.

—v.—

PERFECTFORM CORPORATION,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

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TABLE OF CONTENTS

	PAGE
Opinions Below	1
Jurisdiction	2
Questions Presented	2
Statutes Involved	2
Statement	3
Reasons for Granting the Writ	8
Conclusion	15
APPENDIX A	
Statutory Provisions	17
APPENDIX B	
Opinion of the Court (McLaughlin, *C.J.*)	20
Findings of Fact, Conclusions of Law and Final Judgment (A. E. Modarelli, *D.J.*)	35

CASES CITED

Armstrong Paint & V. Works v. Nu-Enamel Corp., 305 U. S. 315 (1938) 8, 9, 13, 14

Buloya Watch Co., Inc. v. Stolzberg, 69 F. Supp. 543 (D. Mass. 1947) 10

Carter Products, Inc. v. Colgate-Palmolive Co., 130 F. Supp. 557 (D. Md. 1955), affd. 230 F. 2d 855 (4 Cir. 1956), cert. den. 352 U. S. 843 (1956) 10

PAGE

City Messenger of Hollywood v. City Bonded Mess. Service, 254 F. 2d 531 (7 Cir. 1958) 10

Eskimo Kooler Corporation v. Eskimo Pie Corporation, 235 F. 2d 3 (7 Cir. 1956), cert. den., 325 U. S. 953 10

Landstrom v. Thorpe, 189 F. 2d 46 (8 Cir. 1951), cert. den., 342 U. S. 819 10

Maternally Yours v. Your Maternity Shop, 234 F. 2d 538 (2 Cir. 1956) 10-11

Olin Mathieson Chemical Corp. v. Western States Cutlery & Mfg. Co., 227 F. 2d 728 (10 Cir. 1955), cert. den., 351 U. S. 937 ..... 8, 9, 13

Pagliero v. Wallace China Co., 198 F. 2d 339 (9 Cir. 1952) 8, 11

Philco Corporation v. Phillips Mfg. Co., 133 F. 2d 663 (7 Cir. 1943) 10, 11, 12

Sargent & Co. v. Welco Feed Mfg. Co., 195 F. 2d 929 (8 Cir. 1952) 10

Stauffer v. Exley, 184 F. 2d 962 (9 Cir. 1950) 11

STATUTES:

15 U. S. C. 1051 3

15 U. S. C. §1052(e) 4

15 U. S. C. 1057b 6

15 U. S. C. §1091 4

15 U. S. C. 1115a 6

	PAGE
15 U. S. C. §1122	2
15 U. S. C. 1127	12
28 U. S. C. §1254(1)	2
28 U. S. C. 1332	3
28 U. S. C. 1338a	3
28 U. S. C. 1338(b)	2, 3, 10

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TO THE HONORABLE CHIEF JUSTICE AND ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES:

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Third Circuit, entered in the above-entitled case on June 11, 1958.

Opinions Below

The decision and judgment of the District Court (R. 109a), are unreported and are printed in Appendix B hereto, *infra*. The opinion of the Court of Appeals for the Third Circuit, printed in Appendix B hereto, *infra*, is reported in 256 F. 2d 736 (3 Cir. 1958).

Figures in parentheses prefixed by the letter "R.—" refer to pages of the Joint Appendix in the Court below.

Jurisdiction

The judgment of the Court of Appeals was entered on June 11, 1958; Appendix B, *infra*. A timely petition for rehearing (filed June 25, 1958) was denied on July 9, 1958; Appendix B, *infra*. The jurisdiction of this Court is invoked under 28 U. S. C., §1254(1) and 15 U. S. C. §1122.

Questions Presented

1. Whether a claim of unfair competition, based merely upon petitioner's alleged imitation of respondent's descriptive trademark registered on the Supplemental Register established by the Trademark Act of 1946, and in which the sole pleaded basis for jurisdiction is 28 U. S. C. 1338(b), can be sustained in the absence of proof that said trademark has come to indicate that the goods in connection with which petitioner's trademark is used, are goods manufactured by respondent.

2. Whether a statutory claim of trademark infringement, based upon petitioner's alleged imitation of respondent's descriptive trademark registered on the Supplemental Register, can be sustained in the absence of proof that said trademark has come to indicate that the goods in connection with which petitioner's trademark is used are goods manufactured by respondent.

Statutes Involved

The pertinent statutory provisions are printed in Appendix A, *infra*.

Statement

This is an action under federal law, the Trademark Act of 1946, popularly known as the Lanham Act, 15 U. S. C. 1051, for trademark infringement and unfair competition. Plaintiff-respondent has used the descriptive mark "PERFECTFORM" to designate principally women's petticoats and slips which it manufactures and sells (17a, 32a), and has registered this trademark on the Supplemental Register, 15 U. S. C. 1091 (Ex. 1, R. 17a, 109a). Defendant-petitioner has used the descriptive mark "PERFECT FORM" to designate women's brassieres which it manufactures and sells.

Respondent alleges in the first count of the complaint that petitioner's acts constitute infringement of respondent's registered trademark. The jurisdiction of the District Court over this claim is invoked under 28 U. S. C. 1338a. In the second count, respondent alleges that by the identical acts whereby petitioner infringed respondent's registered trademark, petitioner also committed acts of unfair competition. Respondent does not invoke the diversity jurisdiction of the District Court, 28 U. S. C. 1332, with respect to the unfair competition count, because respondent failed to plead or prove the statutory amount. Instead, the jurisdiction of the second claim by the District Court is placed solely under 28 U. S. C. 1338(b), as a claim for unfair competition joined with a related claim under the trademark laws.

The petitioner, a New Jersey corporation, is the successor to a New York corporation of the same name organized in 1932; its corporate name is "Perfect Brassiere Co., Inc."; and beginning in 1932 petitioner's predecessor and petitioner began to use the descriptive mark "PERFECT" for brassieres (R. 110a). The respondent was incorporated in New York thirteen years later, in 1945, under the name "Perfectform Corporation" (R. 17a).

In 1948, sixteen years after petitioner's predecessor began to use the mark "PERFECT," the respondent registered its purely descriptive mark "PERFECTFORM" on the Supplemental Register (15 U. S. C. §1091) for ladies' slips, panties, pajamas, nightgowns and bed jackets and claimed use thereof back to 1944 (109a). The mark, being descriptive, was placed on the Supplemental Register; it was not entitled under the Lanham Act to be registered on the Principal Register (15 U. S. C. §1052(e)).

In 1951, petitioner, without ever having heard of respondent or of its mark (R. 73a), changed its mark to "PERFECT FORM" to conform to a common brassiere industry practice of using trademarks ending in "FORM" (R. 73a). Respondent did not use its mark on brassieres and respondent's mark did not cover brassieres either expressly or by implication. Respondent manufactured and sold only petticoats, slips and nightgowns (R. 32a) and did not use its mark on any others of the undergarments for which it had registered on the Supplemental Register (R. 32a-33a).

There is no finding of the existence of secondary meaning for the respondent's mark, either in the ladies' undergarment trade or in the "distinct and special" brassiere trade (R. 113a). In short, there is no proof of identification of the word "PERFECTFORM" with the respondent in any trade.

Petitioner's brassieres and respondent's undergarments are obviously non-competitive and the Trial Judge so found (R. 113a). Such finding was not disturbed by the Court of Appeals. The purchase by a lady of a brassiere would not of course lessen her need or desire for an undergarment such as a petticoat or a slip or a nightgown and vice versa. Thus petitioner could not and did not take away from respondent a single customer; and the respondent could not and did not lose a single customer to the petitioner (R. 113a). Respondent does not claim otherwise.

Respondent relied on a supposed presumption that the use of its "mark" on petitioner's brassieres must be deemed to have interfered unlawfully with the petticoat, slip and nightgown business (R. 20a). The Trial Judge found and the Court of Appeals accepted the finding that "The defendant has never attempted to palm-off its product as that of the plaintiff" (R. 113a). The record is barren of a single instance of an ordinary retail purchaser who believed that she was buying respondent's products when she bought a brassiere sold by petitioner. There is no evidence of ordinary retail purchasers being confused by the marks of the respective parties.

Not only are brassieres non-competitive with respondent's petticoats, nightgowns and slips, but also the parties sell their products to completely different retail outlets. Petitioner's "PERFECTFORM" brassieres are relatively inexpensive and are sold in variety stores—"five and ten cent stores," the Judge found (R. 113a-114a)—such as Woolworth's. Respondent's "PERFECTFORM" petticoats, nightgowns and slips are relatively expensive prestige items sold in better department stores and better shops. The parties appeal to entirely different economic groups (R. 20a, 113a-114a).

In fact, brassieres and petticoats, nightgowns or slips are usually sold in different departments of a store (R. 75a); and they are usually purchased for stores by different buyers (R. 75a).

It is obvious from the record that petitioner has not fraudulently appropriated respondent's trademark, and has made no attempt to take advantage of respondent's good will, if any. Petitioner has persisted in good faith in defending its legal right to continue to use "PERFECTFORM" for brassieres, but this is not "fraudulent appropriation" of respondent's mark, as was held by the Court of Appeals (Appx. B, *infra*, pp. ~~25-26~~ 27-28).

Since respondent's mark is inherently descriptive and hence only registered on the Supplemental Register, respondent is not entitled to the presumption, applied in the case of fanciful marks registered on the Principal Register, that it is entitled to exclusive use of its mark, 15 U. S. C. 1057b; 1115a. Respondent, therefore, had the burden of proving that its descriptive mark had acquired secondary meaning, such that purchasers of petitioner's "PERFECTFORM" brassieres would believe that they originated with respondent.

The District Court, without finding it necessary to determine whether or not respondent's mark is valid, found that it had not acquired secondary meaning in the brassiere trade and found further that petitioner had not palmed off its brassieres as the product of respondent (R. 113a). This inevitably led to the Judge's conclusion that respondent's mark was not infringed and that there was no unfair competition, because purchasers of petitioner's "PERFECTFORM" brassieres could not be confused into believing that they originated with respondent.

The Court of Appeals reversed the District Court. In disposing of the statutory claim of trade mark infringement, the Court of Appeals laid down the following test of secondary meaning, 256 F. 2d 736, 744 (3 Cir. 1958):

> "In order to sustain the technical trade-mark infringement it alleges, plaintiff must establish a secondary meaning for its descriptive mark, not in the brassiere trade respecting which the district court held it had no secondary meaning, but in its own slip trade" (Appx. B, *infra*, p. 33).

If the District Court finds a secondary meaning for respondent's mark in the slip trade, this holding of the Court of Appeals will in effect give respondent a monopoly

in the use of "PERFECTFORM" for articles of women's clothing however non-competitive they may be with respondent's articles. Thus, if someone uses "PERFECTFORM" for women's hosiery, respondent need only establish secondary meaning of the mark for petticoats, nightgowns or slips and show that some sort of relationship exists between petticoats, nightgowns, slips and hosiery, in order to obtain an injunction against the use of "PERFECTFORM" for women's hosiery.

The District Court held that the claim of unfair competition was governed solely by federal law and dismissed this claim for substantially the same reasons as it dismissed the statutory trademark claim. The Court of Appeals expressly did not rule on this point but did hold that under the law of unfair competition of both New Jersey and the Third Circuit,

> "likelihood of confusion is the test and that secondary meaning for plaintiff's mark need not be established in order for plaintiff to make out a cause of action" (Appx. B, *infra*, p. 27).

The Court of Appeals enjoined the petitioner from using the mark "PERFECTFORM" and remanded the unfair competition claim for a hearing with respect to damages (Appx. B, *infra*, p. 34).

The holding of the Court of Appeals on the unfair competition count further solidifies respondent's monopoly in the use of "PERFECTFORM" for any articles of women's clothing. To sustain a charge of unfair competition, the ruling of the Court below is that respondent need not even prove secondary meaning of "PERFECTFORM" for petticoats, nightgowns or slips. Despite the descriptive nature of this mark, respondent need only prove priority of use to stop a newcomer from using this mark for women's hosiery or shoes, for example.

Reasons for Granting the Writ

The Judgment below cannot be supported on federal law.

a. Under federal law, secondary meaning of a descriptive mark in the defendant's trade or a fraudulent palming off of goods is requisite to sufficiency of a claim.

b. The Courts below have found no secondary meaning in petitioner's trade nor any fraudulent palming off. The Trial Judge specifically negated each of these and the Court of Appeals did not disturb this aspect of the trial findings.

c. The District Court accordingly dismissed the claims. The Court of Appeals reversed this ruling and said that it need not decide whether state or federal law applies under the Lanham Act since in its view of both state and federal law a recovery in unfair competition may be had albeit no secondary meaning or no palming off has been found or proved.

1. The decision of the Third Circuit Court of Appeals is in conflict with the decisions of this Court and the Ninth and Tenth Circuits. This Court and the Ninth and Tenth Circuits, but not the Third Circuit, require proof and finding of a secondary meaning of a descriptive mark or of a palming off of goods to ground a judgment under federal law.

Armstrong Paint & V. Works v. *Nu-Enamel Corp.*, 305 U. S. 315 (1938);

Olin Mathieson Chemical Corp. v. *Western States Cutlery & Mfg. Co.*, 227 F. 2d 728 (10 Cir. 1955), cert. den., 351 U. S. 937;

Pagliero v. *Wallace China Co.*, 198 F. 2d 339 (9 Cir. 1952).

The test of secondary meaning of a registered trademark laid down by the Court below (*supra*, p. 6) is in square conflict with *Olin Mathieson*. In that case, the Court held that weak marks, such as the mark at bar, must have secondary meaning, not only in the plaintiff's trade but also in the defendant's trade.

In *Olin Mathieson* plaintiff's trademark "Western" was registered under the Lanham Act for ammunition, targets, traps and "sporting goods" in general. Defendant used "Western" for hunting knives and other knives. The facts of that case and the case at bar are strikingly parallel. In neither case was there a secondary meaning or a palming off of goods as those of another. The relationship between hunting knives and ammunition is at least as close as the relationship between ladies' brassieres and petticoats, nightgowns or slips. In both the *Olin Mathieson* case and in this case, defendant was refused a trademark registration by the U. S. Patent Office. Also, in neither case was there deception by defendant or confusion of ordinary purchasers. However, in the *Western* case, plaintiff was denied a recovery or an injunction against either statutory trademark infringement or unfair competition.

The judgment below, therefore, cannot be supported on federal law as announced by this Court and as decided by the Tenth Circuit.

2. State law may not be applied to the unfair competition claim and in not so ruling, the Court of Appeals is in conflict with the other Circuits which hold that federal law has preempted this field. This Court has expressly reserved and left open this question, in the *Armstrong* case, 305 U. S. 315 at p. 333, fth. 19 (1938).

There are three types of decisions of other Circuits in unfair competition cases which are in conflict with the decision of the Court of Appeals below:

(a) Decisions holding that Congress, in enacting the trademark laws, occupied that part of the law of unfair competition relating to:

> "Unfair competition against statutory trademark through use of a similar mark on goods which might naturally be supposed to come from plaintiff, although not of the 'same class' or of 'substantially the same descriptive properties.' (Probable confusion as to source without direct competition.)"
>
> *Philco Corporation* v. *Phillips Mfg. Co.*, 133 F. 2d 663, 667 (7 Cir. 1943).

The doctrine of the *Philco* decision was reaffirmed by the Court of Appeals, Seventh Circuit, in *Eskimo Kooler Corporation* v. *Eskimo Pie Corporation*, 235 F. 2d 3 (7 Cir. 1956), cert. den., 325 U. S. 953, and was followed in *Bulova Watch Co., Inc.* v. *Stolzberg*, 69 F. Supp. 543 (D. Mass. 1947).

(b) Decisions holding that actions for unfair competition, wherein jurisdiction of the District Court is based solely upon 28 U. S. C. 1338(b) and not upon diversity of citizenship, are governed exclusively by the Lanham Act (which requires proof of secondary meaning in the case of descriptive marks, *supra*, pp. 8-9). Such decisions include *Landstrom* v. *Thorpe*, 189 F. 2d 46 (8 Cir. 1951), cert. den., 342 U. S. 819; *Sargent & Co.* v. *Welco Feed Mfg. Co.*, 195 F. 2d 929 (8 Cir. 1952); and *City Messenger of Hollywood* v. *City Bonded Mess. Service*, 254 F. 2d 531 (7 Cir. 1958). A similar result was reached in *Carter Products, Inc.* v. *Colgate-Palmolive Co.*, 130 F. Supp. 557 (D. Md. 1955), affd. 230 F. 2d 855 (4 Cir. 1956), cert. den. 352 U. S. 843 (1956).

The Court of Appeals, Second Circuit, declined to decide this point in *Maternally Yours* v. *Your Maternity Shop*,

234 F. 2d 538 (2 Cir. 1956). Two judges indicated in a dictum that state law applied, 234 F. 2d 540; Judge Clark, in his concurring opinion, disagreed, 234 F. 2d 545-547.

(c) Decisions holding that claims of unfair competition generally (when the acts are in interstate commerce) are governed exclusively by the Lanham Act, which requires proof of secondary meaning in a claim of unfair competition of the type involved in this action.

Pagliero v. *Wallace China Co.*, 198 F. 2d 339 (9 Cir. 1952);
Stauffer v. *Exley*, 184 F. 2d 962 (9 Cir. 1950).

Assuming, *arguendo*, that the Court of Appeals below was correct in its view of the New Jersey law of unfair competition, at least three other Circuits have thus held, on one ground or another, that claims of unfair competition like that in this action are governed exclusively by the federal trademark laws, which require proof of secondary meaning.

The error of the Court below in sustaining the claim of unfair competition is indicated in *Philco Corporation* v. *Phillips Mfg. Co.*, *supra*, 133 F. 2d 663 at pp. 671-672 (7 Cir. 1943):

> "The policy of a statute which Congress has enacted under its constitutional power to regulate interstate commerce may not be defeated or obstructed by State law, whether decisional, * * * or statutory. * * * Congress has occupied that part of the field of unfair competition having to do with 'passing off' solely by the use of a trademark. The intention of Congress was to achieve uniformity within the area occupied. * * * Registration of plaintiff's trademark rendered its use and protection in interstate commerce questions of federal law, and federal law is supreme."

The doctrine in the *Phileo* case has been codified in the Lanham Act, 15 U. S. C. 1127:

> "*Intent of Act.* The intent of this Act is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce from unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations."

It was the intent of Congress to provide a comprehensive scheme defining the scope of protection of registered trademarks against fraud and deception by the use of colorable imitations of said registered marks, which is petitioner's alleged tort in the present case. Respondent has chosen to register its mark under the Lanham Act. It is inconceivable that Congress could have intended that the statutory policy could be rewritten by granting the same protection to a descriptive mark registered on the Supplemental Register as is awarded to a fanciful mark registered on the Principal Register.

3. As pointed out, if the decision of the Court below is followed, the express policy of Congress in enacting the Lanham Act will be nullified by alleged state law, and a registration on the Supplemental Register will become the equivalent of a registration on the Principal Register. The Court below has endowed a descriptive mark on the

Supplemental Register with the exclusivity which stems only if the mark is on the Principal Register. Furthermore, under the doctrine of unfair competition adopted by the Court below, mere use of a descriptive trademark on specified goods, without more, will confer upon the user a monopoly of the mark as against even remotely related goods. This will affect the rights of many thousands of trademark users.

The refusal of this Court to encourage a monopoly in a common word is expressed in *Armstrong Paint & V. Works* v. *Nu-Enamel Corp.*, 305 U. S. 315 (1938). This Court there said (pp. 335-6):

> "As was pointed out in the Davids case, in construing the ten-year clause of the 1905 act, this right of freedom does not confer a monopoly on the use of the words. It is a mere protection against their unfair use as a trademark or trade name by a competitor seeking to palm off his products as those of the original user of the trade name. This right to protection from such use belongs to the user of a mark which has acquired a secondary meaning."

In *Olin Mathieson* (the "Western" case) the Tenth Circuit appositely pointed out the following, 227 F. 2d at p. 731:

> "Furthermore, appellant is not now and never has been engaged in selling hunting knives under its registered trademark and as is pointed out in the principles of law hereinbefore stated the right to the protection of the trademark grows out of the use and not out of the adoption of the mark. Not having used the trademark with respect to hunting knives, it cannot complain because appellant [sic] uses the common word 'Western' on the cutlery which it sells, even though

it should be held that the term 'sporting goods' is sufficiently definite to include hunting knives."

This is not just another routine situation involving conflicting Court of Appeals decisions. The Lanham Act is "complex and controversial." *Bulova* v. *Steele*, 344 U. S. 280, 283 (1952). The fundamental problems of the statute should be resolved by this Court before attrition destroys the statute through decisions such as that of the Court below.

The question of whether or not an unfair competition claim of the type herein which is pendant to a statutory claim of infringement is governed by federal or state law was expressly held open by this Court in *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corp.*, 305 U. S. 315 (1938). This question is now of major importance, as its resolution will determine whether or not the policy of the Lanham Act can be overridden by state law.

CONCLUSION

In sum, we have here a case posing far reaching and difficult questions in the law of statutory infringements and of unfair competition; a decision in conflict with decisions of other Courts of Appeal on the same matters and in probable conflict with decisions of this Court; important questions of federal law which have been left open by this Court and which should now be settled. The Court below has departed from the principle of uniformity required in the application of an important federal statute. Certiorari should be granted to resolve these important questions.

Dated: New York, October 6, 1958.

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